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DataTrack

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Household Income and Wealth

A report on the changing economic status of American households.

Prepared by the American Council of Life Insurance

Introduction

This *DataTrack* report summarizes recent trends in household income and wealth. The data presented in this report attempt to answer the following questions:

- How much money do American households make and how has this changed over the last 15 years?
- How do incomes of different types of households compare, i.e., married couples with and without working wives, single-parent families, black families?
- How is the income distribution of households changing? Are greater proportions of households earning high incomes?
- What are the characteristics of affluent households and what do they do with their money?
- How much discretionary income do American households have? How do different characteristics of householders like age, education and race affect the availability and level of discretionary income of the household?
- What types of households have the highest and lowest rates of poverty and how are these rates changing?
- What other demographic trends are influencing changes in household income?

One question receiving much attention in the media of late has been whether or not Americans today are financially better off than past generations have been. This is not a question easily answered by looking at trends in household income such as those presented in *DataTrack*. Conclusions of various studies on this issue are not in agreement. Some contend that the "American Dream" is slipping away from younger generations of Americans; others say that dream is still alive.

The signals are indeed mixed. One study of men's wages indicates that a 30-year-old man today is earning about 10% less than his father earned when the young man left home. Nonetheless, most young people today do not perceive themselves to be worse off financially than their parents. A Conference Board survey of attitudes of householders under the age of 35 found that most believed their living standards were equal to or more comfortable than those of their parents. They also believed that they have greater opportunities than their fathers and mothers had.

Through a period marked by recessions and high inflation, it is clear that some households were better able to stay with or ahead of inflation than others. Having a second income was a key factor as was having a small family. Without these demographic adjustments in the 1970s and early 1980s, many households would have lost economic ground.

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Highlights

Changing Households

- Proportionately fewer households are led by married couples today than in the past. Just since 1970, the percentage of households with married couples dropped from 72.5% to 58% in 1985. During the same period, the number of family households led by women rose by more than 84%, from 5.5 million to 10.1 million.
- For the first time in 1985, there were no children under 18 at home in a majority of family households. And those households which do have children at home have fewer children than households in the past.
- The average number of persons per household was at an all-time low of 2.69 in 1985, down from 3.14 in 1970. Much of this decrease has been attributed to the significant rise in the number of households composed of one or two persons.

Household Income

- After significant growth in the 1950s and 1960s, real median income of American households stagnated—and at several points even declined—during the 1970s and early 1980s. In inflation-adjusted dollars, the median household income of $22,415 in 1984 was actually less than in 1970.
- While median household income was sliding, per capita income was posting some gains during the past 15 years. Per capita income rose by more than 21% between 1970 and 1984, from $8,498 to $10,328 (after taking inflation into account).
- Although households with incomes of $50,000 or more have increased steadily from 8.1% of all households in 1967 to 12.8% in 1984, the overwhelming majority of American households are not affluent. More than 7 in 10 households made less than $35,000 in 1984.
- Changes in family composition during the 1970s—notably the growth in families led by women—contributed to the rise in poverty during the 1970s and early 1980s. In 1984, 11.6% of American families had incomes below the poverty level, down from 18.5% in 1959 but slightly higher than in 1970 (10.1%). One in 3 families led by women lives below the poverty line—the highest rate of any type of family.
- After taking inflation into account, the strongest growth in household income over the last decade took place among older households.

Spending Power and Wealth

- In 1983, more than 3 in 10 U.S. households (26.4 million) had some discretionary income at their disposal. Households with discretionary income averaged $10,525 per household, or $3,713 for each person in the household.
- The availability of discretionary income increases with the age of the householder, peaking during the years 55 to 59. Over 40% of households in that age group reported having some discretionary income in 1983, about twice the proportion of households led by people under 25.
- Net worth of households has increased substantially since 1970. Aided by rising home equity, the median net worth of households rose from $18,425 in 1970 to $24,574 in 1983 (after taking inflation into account). Households with a net worth of $50,000 or more (in 1983 dollars) grew from 26% of all households in 1970 to 34% by 1983. Some 14.3 million households had a net worth of at least $100,000.

Married-Couple Families

- The majority of married-couple families were dual earners in 1984. The husband-only earner family accounted for only about 27% of all married-couple families.
- One in 5 dual-earner married couples had an income of $50,000 or more in 1983. In 1983, the average earnings for a dual-earner couple were $32,468 while traditional-earner families (those in which only the husband is the wage earner) earned $24,299 on average. When both husband and wife worked year-around and full-time, their average earnings were $39,391. Two-income couples working in professional specialties averaged $47,396 in 1983 family earnings.
- Dual-earner families represented nearly $130 billion in discretionary spending power in 1983, an average of $10,884 per married couple.
- In 1983, 4.8 million wives earned more than their husbands. These women were more likely than other wives to: work full-time, year-round; have no children under 18 years at home; have a college degree; and work in professional, executive, administrative or managerial jobs.

Single-Parent Families

- The median income of married-couple families in 1984 was 2⅓ times as great as that of families led by women.
- Four in 10 female-headed families made under $10,000 in 1984 while only about 6% had incomes of $40,000 or more.

- Roughly 1 in 3 families maintained by women lived in poverty in 1984. Families with female householders are almost five times more likely than married-couple families to have incomes below the poverty level.
- There is evidence that changes in the economic status of families are quite common and are often the result of changes that occur in the family. Divorce has the most negative impact on family economic status, especially for the resulting family that is headed by a woman.

Black Households

- In 1984, more than 4 of every 10 black families were maintained by a woman with no husband present, an increase from 28.3% in 1970. Such a change in family composition—coupled with the gloomy economic picture during the 1970s and early 1980s—had a negative impact on family income figures for black families, despite income improvements for certain segments of the black population.
- In 1984, the median income of black households was essentially the same level as in 1967 (after taking inflation into account).
- The proportion of black households with incomes of $35,000 or more (in 1984 dollars) doubled from 6.6% in 1967 to 13.6% in 1984.
- Black married-couple families have made gains in median income, while black families led by women have fallen behind since 1971. More than one-half (51.7%) of black families with female householders have poverty-level incomes, compared with 14.7% of other types of black families.
- Sixteen percent of households led by blacks and other racial minorities have discretionary income, accounting for $14.6 billion of such income.

Some Implications for Life Insurance Businesses

The following are some implications and questions relating to changing household income trends for life insurance executives to consider.

The Growth of Upscale Markets

- Households led by people in their 50s and 60s are more likely than others to have discretionary income and, thus, represent a potentially lucrative market for innovative financial products. For the rising number of people in this "mature market," worries shift from the risks of dying too soon to the risks of living too long. These Americans are concerned about illness and disability in old age and having enough income for retirement. Innovative financial services products are being developed for this growing market. For example, some companies have developed products to manage assets that accrue with lump sum distributions from employers, home equity values, IRAs and life insurance cash values.
- Companies targeting upscale markets may find life insurance products increasing in value to this particular market segment as a long-range financial planning tool with the passage of tax reform legislation. Products such as variable universal life—with its payment flexibility, withdrawal privileges, death benefit flexibility and wide choice of investment options—could become more appealing to upscale buyers with diverse financial needs who have fewer tax-deferral options as a result of recent tax reform.
- Much of the growth in household wealth in the 1970s and 1980s can be traced to the increase in home equity during that time. For many older people, the thought of relinquishing title to their home through a Reverse Annuity Mortgage product is not appealing. How can this equity be translated into retirement income products which receive wider public acceptance than Reverse Annuity Mortgages?
- Although the upscale market is relatively small—only 12.8% of U.S. households made $50,000 or more in 1984—the numbers are expected to grow in the years ahead. Competition among the various financial services industries for the upscale customer is keen. To successfully attract and keep such customers, companies will need a clear understanding of their product, service and delivery system needs and an aggressive marketing plan to meet those needs. Extensive analysis of the financial attitudes and needs of upscale consumers is an important part of marketing strategy.
- Since 1967, the proportion of black households with incomes of $35,000 or more has doubled (after taking inflation into account). For many households, increased income has meant a move to the suburbs. Geographic shifts such as this accentuate the need for geographic market analysis by life insurance companies. Some companies provide information about changing characteristics of markets on a regular basis to regional offices and agents so that they can keep abreast of changes such as the growth of black suburbia.

- The predominance of two-earner families and the growing number of workers who postpone marriage and childbearing make traditional employee benefit plans obsolete. Dual-earner couples may receive redundant health insurance, child care benefits or offsetting pension benefits. To better meet their financial needs, more workers may demand a choice in benefits from their employers. A significant opportunity exists to place insurance in cafeteria-style benefits programs when such plans are installed in corporations.

The "No-Frills" Market

- Warehouse supermarkets, off-price clothing stores, downscale retailers and mail-order businesses are booming. Businesses are discovering that mass marketing a basic product in a "no frills" setting with minimum services at a low cost is what many customers want. Can the life insurance industry tailor products to serve the needs of the "no-frills" market as well as it does the "full-scale" market? Are companies successfully segmenting and penetrating the downscale market for life insurance products? Employer-sponsored life insurance and other financial services marketed through payroll deduction and salary savings plans are receiving increased attention from insurers as ways to reach low to middle-income workers. How can other mass marketing techniques such as direct mail and telemarketing be made more cost effective for the company and more attractive to agents?

- Families disrupted by divorce or separation have special needs for financial planning and income protection that could be met by life insurance companies. For families involved in divorce and remarriage, there may be a need for policies with more flexibility in accommodating changed financial circumstances, such as ones with a waiver of premium for a year after a divorce, in addition to the usual disability waiver. Such a waiver could have a positive effect on policy termination due to reduced income of the divorced partners.

Changing Households

American households are changing in ways that are affecting their economic well-being. This first section of *DataTrack* briefly describes some of the structural changes in households over the past few decades that are having a major impact on household income.

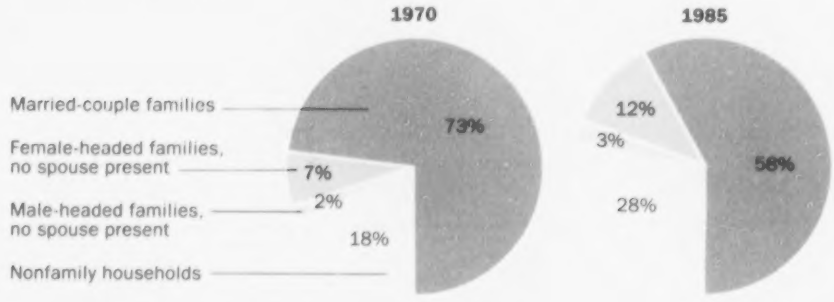
1. Fewer than 6 in 10 American households are led by married couples, down from over 7 in 10 in 1970.

Just since 1970, the proportion of households with married couples dropped from 72.5% to 58% in 1985. During that same period, the proportion of family households led by men and women without spouses increased as did the percentage of nonfamily households.

Between 1970 and 1985, the number of nonfamily households more than doubled, from 11.9 million to 24.1 million. The number of family households led by women (with no husband present) rose by more than 84% from 5.5 million to 10.1 million. By comparison, married-couple households increased only 12.6% to 50.4 million in 1985.

Figure A

Household Type, 1970 and 1985



Note: Percentages may not total 100% due to rounding.
Source: U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 402.

2. The majority of family households do not have children under 18 present.

In 1985 for the first time, there were no children under 18 years of age in a majority of family households. This figure includes "empty nest" families whose children are grown as well as childless couples.

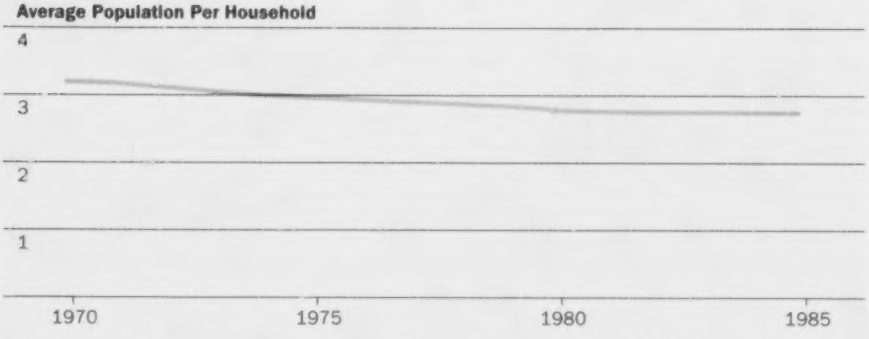
Those households which do have children present contain fewer of them than in the past. In 1970, for example, 36.5% of married-couple families with children under 18 had three or more children; by 1984, the proportion had declined to 21.5%.

3. Household size in the United States continues to decrease.

The average number of persons per household in 1985 was at an all-time low of 2.69, down from 3.14 in 1970. Much of this decrease in average household size has been attributed to the significant rise since 1970 in the number of households composed of one or two persons.

Figure B

Household Size, 1970–1985



Source: U.S. Bureau of the Census, Current Population Reports, *Series P-20, No. 402.*

Household Income—Past, Present and Future

How has household income of today changed from household income of the past few decades? Are American households—as a whole—better or worse off financially than during the late 1960s and early 1970s? A look at income trends from various statistical perspectives is provided in this section of the report.

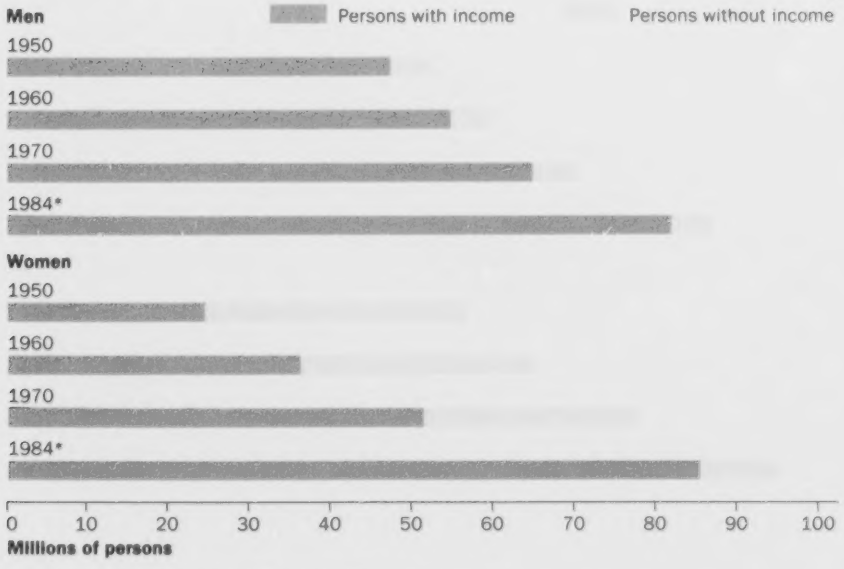
1. In the United States today, 9 in 10 men and women aged 15 and over report having some income.

The proportion of men with an income from any source has not changed much since 1950. At that time, 90% reported some income, compared with a little over 94% in 1984. The picture for women, however, is quite different today than in 1950. Nearly 90% of women had an income in 1984—over twice the percentage at mid-century.

Through the late 1970s, more men than women reported having an income. Then, in 1979, the number of women with an income surpassed the number for men and has remained higher ever since. In 1984, 85.6 million women and 82.2 million men reported having an income.

Figure C

Men and Women, 14 Years and Over, with Money Income, 1950–1984



*1984 data are for persons 15 years and over.

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-60, No. 151.*

2. *Since 1970, the typical American household's income has declined while per capita income has risen (taking inflation into account).*

Trends in the financial well-being of Americans can be measured in various ways: by looking at changes over the years in personal, household or family income; in indicators of personal wealth such as savings and investments; or in changes of people's perceptions of their financial well-being over time. Sometimes, looking at different measures of income can lead to different conclusions, as illustrated by Table 1.

Table 1

Selected Measures of Income, 1970 and 1984

	Income*		
	1970	**1984**	**% Change**
Median household income	$23,363	$22,415	− 4.1
Median family income	26,394	26,433	**
Per capita income	8,498	10,328	+21.5
Aggregate income (in billions)	1,732.9	2,383.5	+37.5

**In constant 1984 dollars.*

***Less than 0.5% difference.*

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-60, Nos. 149 and 151.*

One picture emerges, for example, from examining median household income for the period between 1970 and 1984. When the effects of inflation are taken into account, the median household income in 1984 was 4% lower than in 1970. During the same period, however, the median income for families showed no perceptible change. But per capita income actually increased by over 21%.[1] Aggregate income did even better, with a 37.5% rise.

Why do these signs point in seemingly different directions? The data are not as inconsistent as they appear. Changes in the composition of households and families can help explain the differences. While households of today may make less than those in 1970, taking inflation into account, today's households are smaller. Thus, the effects of lower earnings are not as dramatic as they would be if households were the same size.

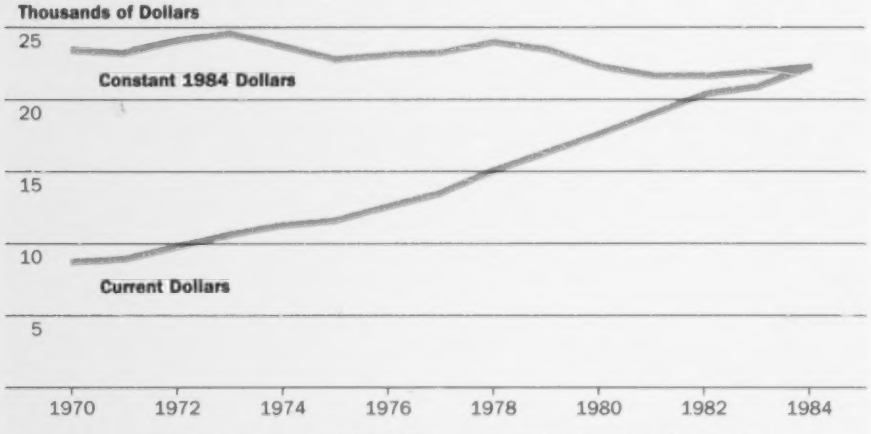
[1] *Per capita income is computed by dividing the total aggregate money income of all persons by the total noninstitutional population.*

3. *The median income of American households remained flat between 1970 and 1984 (taking inflation into account).*

After significant growth in the 1950s and 1960s, the real median income of American households stagnated—and at several points even declined—during the 1970s and early 1980s. In 1970, the median household income was $8,734 (in 1970 dollars); by 1984 it had grown 157% to $22,415. But inflation absorbed all of that gain, as shown in Figure D. In inflation-adjusted dollars, the median household income in 1984 was actually less than in 1970.

Figure D

Median Income of Households, 1970–1984



Source: U.S. Bureau of the Census, Current Population Reports, *Series P-60, No. 151.*

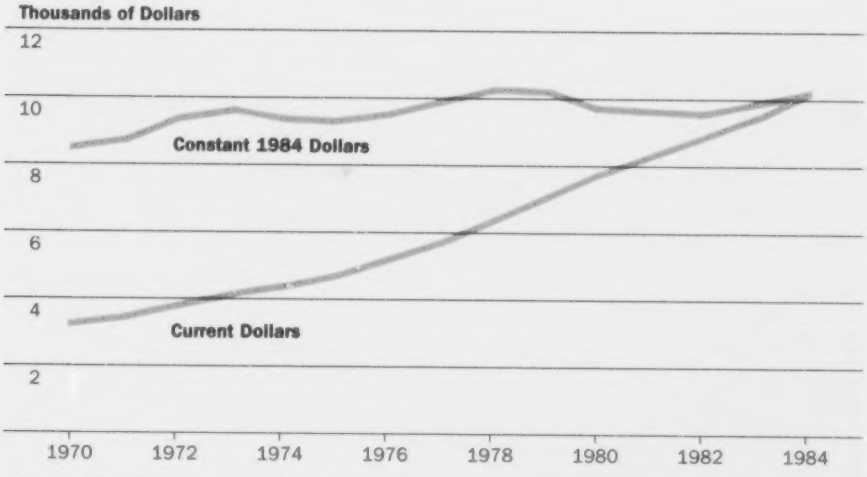
Income gains during the 1970s and early 1980s were tempered by a series of economic setbacks—notably the oil embargo in 1973 followed by periods of recession and inflation. Demographic shifts like those described on pages 6 and 7 of this report also affected household income trends during this period. The unprecedented growth in the number of households with just one person and those led by a single parent had a dampening effect on median household income, despite the overall increase in the number of two-earner families.

4. *While median household income has slid during the past 15 years, per capita income has posted some gains.*

In 1984, the per capita income of Americans was $10,328, compared with $3,177 in 1970. Not all the increase in per capita income over this period was eroded by the effects of inflation, however. In 1984 constant dollars, per capita income rose by nearly 21% from $8,498 in 1970 to $10,277 in 1978. Since 1978, however, per capita income has not shown much growth when inflation is taken into account.

Figure E

Per Capita Money Income, 1970–1984



Source: U.S. Bureau of the Census, Current Population Reports, *Series P-60, No. 151.*

5. More than 7 in 10 households have incomes under $35,000 a year.

The overwhelming majority of American households are not affluent: 71.9% made less than $35,000 in 1984. Households making less than $10,000 in 1984 dollars have remained a fairly steady portion of all households—between 21% and 22% since the late 1960s. But more households are making more money. The share of households making $35,000 or more in 1984 dollars has risen from 22.1% in 1967 (the first year household income data were tabulated), to 28.1% in 1984. And those with incomes of $50,000 or more have increased from 8.1% of all households in 1967 to 12.8% in 1984.

Table 2

Households by Total Money Income, 1967, 1975 and 1984

Household Income (In constant 1984 dollars)	Percent of Households		
	1967	**1975**	**1984**
Under $10,000	21.9	21.0	21.1
$10,000 - 14,999	10.5	11.8	12.1
$15,000 - 24,999	25.8	22.3	21.8
$25,000 - 34,999	19.8	18.8	16.9
$35,000 - 49,999	14.0	15.8	15.3
$50,000 and over	8.1	10.3	12.8
Total	100.0	100.0	100.0

Note: Figures may not total 100% due to rounding.
Source: U.S. Bureau of the Census, Current Population Reports, *Series P-60, No. 151.*

6. Job earnings are the most common income source for America's households.

Nearly 3 of every 4 households (73.5%) report having some employment income. Property income—such as interest from bank accounts and investment income—is the next most common type of income, reported by 68.5% of all households in 1984. Third on the list is Social Security and railroad retirement income, which was received by 27.7% of households in 1984.

Earnings provide a median monthly amount of $2,241 for those who receive such income. Property income is also one of the largest monthly income sources for its recipients ($2,214). U.S. military retirement plans rank first in monthly dollar amount with a median of $3,032. However, only a minute proportion of households (1.5%) receive this kind of income.

Table 3

Households by Median Monthly Cash Income and Receipt of Selected Sources of Cash Income and Noncash Benefits, 1984

Sources of Household Income and Benefits	Number of Households	% with Income/ Benefit	Median Monthly Cash Income
Earnings	62,434	73.5	$2,241
Property income*	58,159	68.5	2,214
Social Security or railroad retirement	23,564	27.7	1,182
Private pensions	7,393	8.7	1,498
Federal gov't retirement	1,750	2.1	1,869
U.S. military retirement	1,295	1.5	3,032
State/local gov't retirement	2,708	3.2	1,818
Veterans' payments	3,321	3.9	1,555
Private support payments	4,457	5.2	1,634
AFDC/other cash assistance	3,585	4.2	504
Supplemental Security Income	3,008	3.5	558
Unemployment comp.	2,240	2.6	1,503
Food stamps	6,107	7.2	437
WIC	1,259	1.5	792
Free or reduced-price school meals	5,653	6.7	910
Public or subsidized housing	3,584	4.2	518
Energy assistance	2,697	3.2	475
Medicaid	7,211	8.5	563
Medicare	20,969	24.7	1,126
All households	84,945	100.0	1,799

**Includes income from bank accounts, bonds, rental property and other interest-earning assets and investments.*

Note: Data are monthly averages, October to December 1984.

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-70, No. 6.*

7. Poverty rates declined during the 1960s, only to rise again during the 1970s and early 1980s.

Changes in family composition during the 1970s—notably the significant growth in families led by women—contributed to the rise in the poverty rate during the 1970s and early 1980s.[2] One in 3 families maintained by women is below the poverty level—the highest rate of any family type.

In 1984, 11.6% of American families had incomes below the poverty level, down from 18.5% in 1959 but slightly higher than in 1970 (10.1%). The pattern of improvements during the 1960s followed by slippage during the 1970s and 1980s is quite pronounced for certain types of families (see Table 4). For example, the poverty rate for very young families—those led by people 15 to 24 years old—dropped dramatically from nearly 27% in 1959 to under 16% in 1970. By 1984, however, the rate had soared to over 29%.

The pattern is similar for families with two or more children. Large families are especially prone to poverty—over half lived in poverty in 1959 (53%). The rate fell to 29.9% in 1970, but it rebounded to 52.7% in 1984.

Poverty rates for families led by older people (aged 65 or over) have fallen dramatically since 1959. At that time, 3 in 10 older families lived below the poverty level; today it is less than 1 in 10, lower than families led by any other age of householder.

8. Income level is strongly related to age.

Household income increases with the age of the householder during the prime working years. In 1984, median household income peaked at $31,516 for households led by people between the ages of 45 and 54; for those led by people 65 and older it was a low of $12,799. This pattern has persisted for the decade between 1975 and 1984.

How are households of different ages faring today compared with households of the mid-1970s? After taking inflation into account, the strongest growth in household income took place among older households. The median income for households 65 years and older rose by almost 15% between 1974 and 1984, while the median income of all other households actually declined (see Table 5, page 16).

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[2] *U. S. Bureau of the Census, Special Demographic Analyses CDS-80-70, "Changing Family Composition and Income Differentials," U.S. Government Printing Office, Washington, D.C.*

Table 4

Poverty Rate of Families with Certain Characteristics, 1959, 1970 and 1984

Family Characteristics	Poverty Rate 1959	1970	1984
Age of Householder			
15 - 24 years	26.9%	15.5%	29.4%
25 - 44 years	16.5	9.5	13.2
45 - 54 years	15.0	6.6	9.0
55 - 64 years	15.9	8.2	8.2
65 years or more	30.0	16.5	7.3
Number of Workers			
No workers	59.2	39.4	31.8
1 worker	18.7	11.9	15.9
2 workers	10.6	4.0	4.5
3 or more workers	14.2	3.9	3.5
Number of Related Children Under 18 Years			
No children	15.9	8.0	5.4
1 child	13.8	8.5	12.7
2 children	14.7	8.7	15.4
3 children	21.5	12.1	24.5
4 children	31.1	15.8	34.5
5 or more children	53.0	29.9	52.7
All Families	18.5	10.1	11.6

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-60, No. 152.*

Table 5

Median Household Income, by Age of Householder, 1974, 1980 and 1984

Age of Householder	Median Household Income (in constant 1984 dollars)		
	1974	1980	1984
Under 25 years	$17,081	$16,016	$14,028
25 - 34	26,262	24,365	23,735
35 - 44	31,368	29,770	29,784
45 - 54	32,507	31,652	31,516
55 - 64	24,152	24,629	24,094
65 and older	11,143	11,064	12,799
All ages	23,577	22,315	22,415

Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 104; and U.S. Bureau of the Census data as compiled by The Demographic Institute in The Numbers News, *December 1985, (c) copyright 1985 by The Demographic Institute. Used with permission.*

9. Education and income are also strongly related.

In 1984, the highest median income was attained by households led by people who had completed four years or more of college. The typical household with a college-educated householder reported a median income of $37,147 in 1984. These households also ranked highest in income per household member—nearly $16,000 per person, or three times as much as that earned by householders who did not complete grade school (see Figure F).

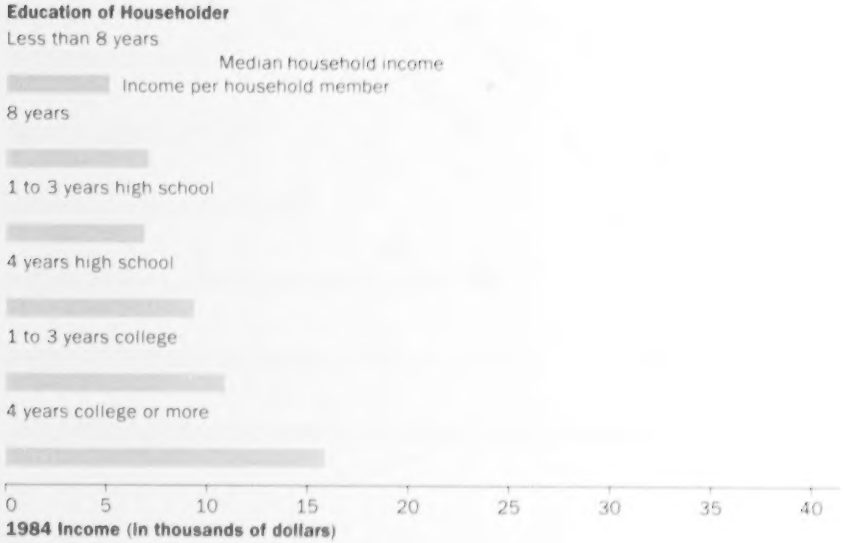
10. The median income of households led by women is less than half that of married-couple households.

In addition to age and educational attainment, household type also has a bearing on income. Married-couple households have the highest median income, and nonfamily households—especially single-person households—the lowest (see Figure G). Married-couple households generally have more earners.

While married couples lead in household income, nonfamily households come out ahead of other types of households when income per person is ranked. Households led by women fare the worst in terms of income per person—$5,495 in 1984 compared with $10,385 for married couples and $15,327 for single-person households.

Figure F

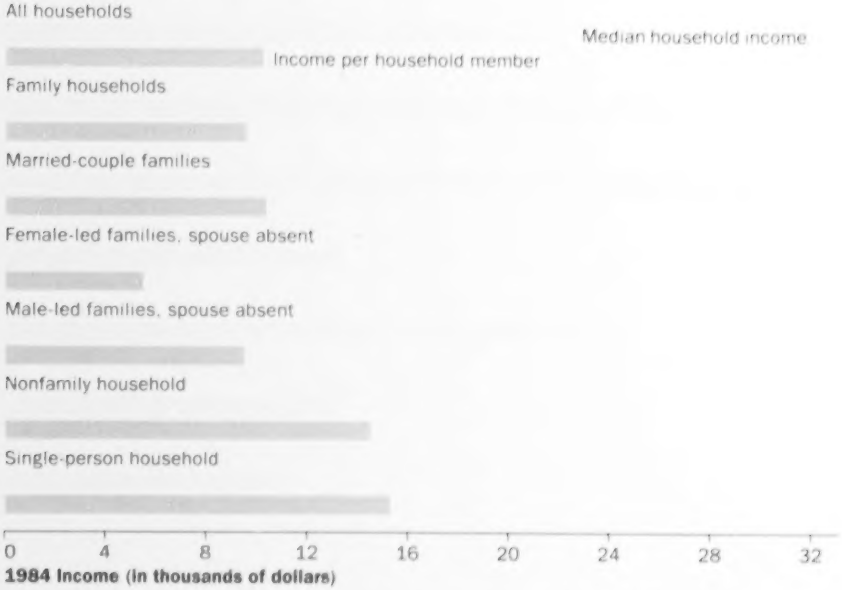
Household Income by Educational Attainment of Householder, 1984



Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 151.

Figure G

1984 Income by Household Type



Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 151.

11. *Households with very high incomes are most likely to be older and have significant unearned income.*

A 1983 government study took a rare look at the demographic characteristics and finances of a large number of households earning $50,000 or more during 1982.[3] High-income households were divided into four groups according to the income levels shown in Table 6.

Households with incomes between $50,000 and $99,999 were the most likely of these four groups to have both spouses working. They were also the youngest—with 44% of their householders under 45 years of age, compared with 18% for the wealthiest group. They are also not as well educated as those in the top income group; 23% had a high school diploma or less schooling, compared with 4% of the very wealthy.

Households making $150,000 to $279,999 in 1982 were the most likely to have only one spouse working. Graduate degrees were also most prevalent among these households: over half (54%) of the householders had some graduate school education.

The supernumerary income households—those with incomes of $280,000 or more—were the oldest of the four groups. Twenty-three percent were 65 years or older, compared with 10% of the group with incomes between $50,000 and $99,999. Householders in the wealthiest group were most likely to be in the banking, insurance or real estate professions or in the manufacturing sector.

Table 6

Profile of High Income Households, 1982

Characteristics of Household Head	Household Income				All Households
	$50,000 to $99,999	$100,000 to $149,999	$150,000 to $279,999	$280,000 or more	
All ages	100%	100%	100%	100%	100%
Under 25	1	*	*	*	8
25 - 34	13	13	1	2	23
35 - 44	30	19	15	16	20
45 - 54	26	33	29	28	16
55 - 64	19	23	37	32	15
65 - 74	8	11	15	19	12
75 and over	2	1	3	4	7

continued on next page

[3] *The 1983 Survey of Consumer Finances, jointly sponsored by the Federal Reserve Board, the Department of Health and Human Services and five other federal agencies, collected information on the assets and liabilities of a sample of over 3,800 U.S. households, including a special sample of 438 high-income families.*

Table 6 continued

Characteristics of Household Head	Household Income $50,000 to $99,999	$100,000 to $149,999	$150,000 to $279,999	$280,000 or more	All Households
All levels of education	100%	100%	100%	100%	100%
High school or less	23	16	5	4	60
Some college	18	7	12	12	17
College degree	28	32	30	36	13
Graduate school	31	46	54	48	10
All occupations	100%	100%	100%	100%	100%
Lawyer, accountant	3	14	12	12	1
Health service professional	2	13	8	2	1
Banking, insurance, real estate	8	13	17	31	2
Other professional or managerial Service sector	23	15	16	12	12
Manufacturing sector	33	27	38	31	15
Clerical or sales	6	5	2	1	8
Craftsman or foreman	10	2	*	*	12
Operative, labor, or service work	4	*	*	*	18
Not working	9	12	5	11	31
All marital statuses	100%	100%	100%	100%	100%
Married Neither spouse working	4	7	2	10	10
One spouse working	29	44	54	49	23
Both spouses working	56	39	38	31	28
Unmarried Not working	2	3	2	*	17
Working	8	7	4	9	22

*Less than 0.5% or no cases.

Source: Robert B. Avery, Gregory E. Elliehausen, "Financial Characteristics of High Income Families," Federal Reserve Bulletin, March 1986.

12. Household incomes are forecast to grow by 13% between 1984 and 1994 (after inflation is taken into account).

In comparison with the stagnating income figures for the 1970s and early 1980s, the period from 1984 to 1994 portends significant income growth for many households, according to projections by *American Demographics*.[4] Some projections suggest that smaller households will fare better (per household member) than larger households in the years ahead.

Households headed by a person under 25 years of age should gain nearly $1,000 per household member by 1994, after inflation. These are Baby Bust households—many of which will include single people or couples who have not yet had any children.

Households led by people 25 to 34 years old are forming families, and their income gains will be tempered somewhat by increased family size. Consequently, per capita income for households in this age group will increase by only a little more than 7% by 1994, compared with a 12.8% increase in per capita income for all households.

Households led by people aged 35 to 44 are moving into their prime earning years. By 1994 these households should be making nearly $37,000 on average, second only to the 45 to 54 year old group. Income per household member is expected to increase by 13% between 1984 and 1994.

Households led by people aged 45 to 54 typically have the highest incomes of any age group. In 1994 their average household income should exceed $38,300. However, their average income per household member is not expected to grow as quickly as the per capita income of other age groups.

By ages 55 to 64, many households are entering their "empty nest" period, with their children no longer at home. Their earnings peak during this time as well. Average income per household member, which is highest among this group, should rise to nearly $14,000 in 1994.

Older households (those led by people aged 65 or more) will experience the fastest rate of per capita household income growth between 1984 and 1994—16.6%. As a result, their average income per household member in 1994 ($11,040) will nearly equal the figure for all households ($11,054).

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[4]*For assumptions behind projections, see notes to Table F.*

Table 7

Average Household Income by Age of Householder, 1984 and 1994

Age of Householder	1984		1994*	
	Average Household Income	Average Income Per Household Member	Average Household Income	Average Income Per Household Member
Under 25	$17,135	$ 7,515	$19,265	$ 8,450
25 - 34	25,598	8,857	27,482	9,509
35 - 44	32,687	9,313	36,953	10,528
45 - 54	35,024	10,810	38,303	11,822
55 - 64	29,605	12,387	33,445	13,994
65 and over	16,667	9,470	19,431	11,040
Total	26,561	9,801	29,957	11,054

**In constant 1984 dollars.*

Note: Projections assume continued low rate of inflation (less than 4% on average) and are based on the Census Bureau's mid-level population projection series.

Source: "Household Incomes Grow Again," American Demographics, October 1985. Copyright 1985 by American Demographics. Used with permission.

Spending Power and Wealth

Statistics on discretionary income and asset accumulation can provide life insurance businesses with important marketing information. This section of the report describes findings from two important studies: 1) a Conference Board Consumer Research Center/U.S. Census Bureau collaboration on discretionary income, and 2) a survey of consumer finances sponsored by the Federal Reserve Board and other government agencies.

1. In 1983 about 26.4 million U.S. households had some discretionary income—a million more than in 1981.

A 1983 study by the Census Bureau and the Consumer Research Center of the Conference Board revealed that more than 3 in 10 households (31.5%) had some discretionary income at their disposal. Although there is no standardized method of computing discretionary income, in the Conference Board/Census Bureau study, households were considered to have discretionary income if their spendable (after-tax) income was at least 30% higher than the average of similar groups of households.

The total amount of discretionary money available for spending in 1983 was $277.9 billion. For households with such money, this represents an average of $10,525 per household or $3,713 per household member.

The availability and amount of discretionary income is directly related to how much money a household takes in. For example, less than 3% of all

Table 8

Households with Discretionary Income, by Household Income, 1983

	Households with Discretionary Income		Spendable Discretionary Income*		
Household Income	**Number (thousands)**	**Proportion of Households**	**Aggregate (billions)**	**Average**	**Per Capita**
Under $15,000	828	2.8	$ 1.3	$ 1,569	$ 1,421
$15,000-19,999	1,012	10.2	3.5	3,481	2,665
$20,000-24,999	1,571	17.2	5.6	3,591	2,005
$25,000-29,999	2,288	28.7	9.4	4,102	1,927
$30,000-34,999	3,007	45.5	13.3	4,415	1,737
$35,000-39,999	3,235	63.3	17.6	5,446	1,880
$40,000-49,999	5,479	79.9	42.8	7,813	2,501
$50,000-74,999	6,356	96.9	90.0	14,157	4,158
$75,000 or more	2,633	100.0	94.4	35,852	10,318
Total	26,409	31.5	277.9	10,525	3,713

**In 1984 dollars.*

Source: Consumer Research Center and U.S. Bureau of the Census, A Marketer's Guide to Discretionary Income, *1985 edition.*

households with incomes under $15,000 have discretionary money to spend, while 100% of those earning at least $75,000 have some discretionary income. And the average amount of discretionary income for households making $75,000 or more is a hefty $35,852, compared with an average of $1,569 for households at the lower end of the income scale (see Table 8).

2. Over 4.7 million older households have spendable discretionary income averaging $10,531.

While only about 27% of households led by people 65 and older have discretionary income, that proportion has the highest per capita discretionary income of any household group—over $5,600 per person. In comparison, the figure for all households with discretionary income was $3,713 in 1983.

Many discretionary income trends mirror patterns for household income as a whole. For example, a householder's age is a strong indicator of both income in general and of discretionary income in particular. The prevalence of discretionary income among households increases with the age of the householder, peaking during the years 55 to 59. Over 40% of households in that age group reported having some discretionary income in 1983—about twice the proportion of households led by people under 25.

Table 9

Households with Discretionary Income, by Age of Householder, 1983

	Spendable Discretionary Income*	
Age of Householder	**Average**	**Per Capita**
Under 25 years	$ 6,444	$2,833
25 - 29	7,654	2,867
30 - 34	9,021	2,799
35 - 39	10,127	2,964
40 - 44	11,606	3,056
45 - 49	11,674	3,384
50 - 54	12,479	4,017
55 - 59	12,766	4,889
60 - 64	11,506	4,923
65 years and over	10,531	5,633
Total	10,525	3,713

**In 1984 dollars.*

Source: Consumer Research Center and U.S. Bureau of the Census, A Marketer's Guide to Discretionary Income, *1985 edition.*

The average amount of discretionary income per household also increases with the age of the householder, rising from $6,444 for those under age 25 to $12,766 for the 55 to 59 age group. After age 59, the average household discretionary income declines, as does income in general.

3. Educational attainment is a strong indicator of the availability of discretionary income.

Households led by people with at least four years of college are considerably more likely to have discretionary income than households led by people with less education. The differences in the availability of discretionary income to households of various educational backgrounds is striking, as can be seen in Table 10. Of those households led by people with five years of college or more, 61.2% report some discretionary income at their disposal compared with only 14.4% of households led by people with less than 12 years of schooling.

The amount of discretionary income at the disposal of households is also related to the householder's education. Of all households with discretionary income in 1983, those in the highest educational attainment category averaged $15,483, while those with the least schooling averaged less than half that amount ($7,234).

Table 10

Households with Discretionary Income, by Educational Attainment of Householder, 1983

	Households with Discretionary Income	Spendable Discretionary Income*	
Education of Householder	**Proportion of Households**	**Average**	**Per Capita**
Less than 12 years	14.4	$ 7,234	$2,503
High school graduate	29.5	8,373	2,983
College, total	47.2	12,625	4,451
1 to 3 years	35.9	9,538	3,402
4 years	51.8	12,875	4,583
5 years or more	61.2	15,483	5,344
Total	31.5	10,525	3,713

**In 1984 dollars.*

Source: Consumer Research Center and U.S. Bureau of the Census, A Marketer's Guide to Discretionary Income, *1985 edition.*

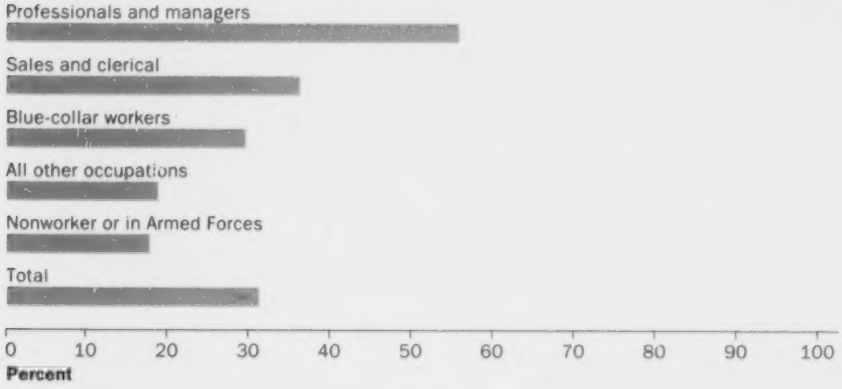
4. *Households led by professional or managerial workers are the most likely to have discretionary income.*

More than half (56%) of households led by people with professional or managerial jobs had discretionary income in 1983. They account for about one-fifth of the population but 45% of all discretionary income. Their average amount of discretionary income in 1983 was nearly $14,000 per household.

Blue-collar workers make up 26% of the population but have only 17% of discretionary spending power. The average amount of discretionary income for blue-collar households was $7,500 in 1983.[5]

Figure H

Households with Discretionary Income, by Occupation of Householder, 1983



Source: Consumer Research Center and U.S. Bureau of the Census. A Marketer's Guide to Discretionary Income, *1985 edition.*

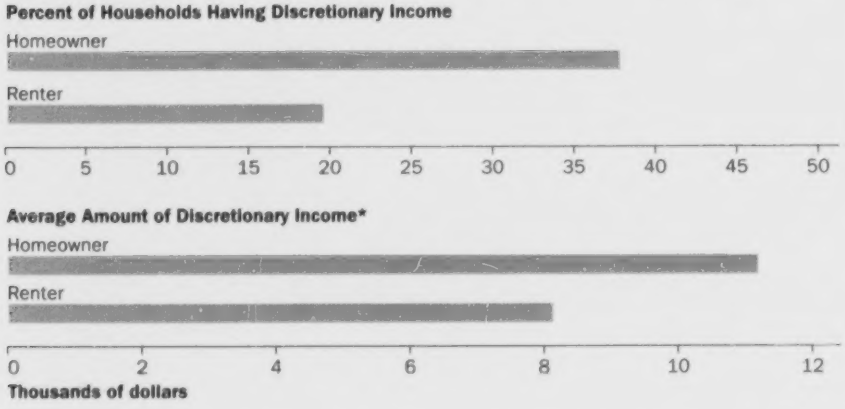
5. *Homeowners are about twice as likely as renters to have some discretionary income.*

Nearly 38% of homeowning households have discretionary income compared with 19.6% of renters. Average discretionary income for these homeowners was $11,191 in 1983, while renters had an average of $8,134 at their disposal.

[5] *Consumer Research Center and U.S. Bureau of the Census.* A Marketer's Guide to Discretionary Income, *1985.*

Figure I

Households with Discretionary Income, by Home Ownership, 1983



**In 1984 dollars.*

Source: Consumer Research Center and U.S. Bureau of the Census, A Marketer's Guide to Discretionary Income, *1985 edition.*

6. *The proportion of households with savings accounts, savings bonds and stocks has dropped since 1977.*

In addition to income, a key indicator of a household's financial well-being is its financial holdings. Among the assets listed in a 1983 survey of Americans' finances, the one most often owned was a checking account.[6] Although a checking account is the most popular asset, it does not account for the largest share of consumers' holdings. In 1983, checking account holders averaged $1,844, representing only 11% of the household's total assets.

As may be expected, home equity represents the largest proportion of Americans' financial holdings. Sixty-four percent of U.S. households in 1983 were homeowners, with an average of 68% of their assets invested in their home. Between 1977 and 1983, homeownership rates either fell or remained the same for most types of households, regardless of age, income, race or stage of life cycle. One exception was single, childless individuals under the age of 45. Homeownership rates for this group actually increased from 14% to 23% during this period.

Another widely held asset is a savings account. Sixty-two percent of American households owned such accounts in 1983, with an average holding of $3,857. Ownership of savings accounts declined somewhat between

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[6]*Robert B. Avery and Gregory E. Elliehausen, "Financial Characteristics of High-Income Families,"* Federal Reserve Bulletin, *March 1986.*

1977 and 1983, as ownership of individual retirement accounts, certificates of deposit and money market accounts increased. Patterns of liquid asset ownership among households of different ages, educational levels and occupations for the most part follow the patterns described for income in the first section of this report, with one noteworthy exception. Older households are less likely to own liquid assets but those that do have holdings that are larger than the average.

Nonliquid assets such as bonds, stocks and trusts are not held by a large portion of households. Generally, affluent households control a large proportion of these assets. For example, over 70% of the dollar holdings of municipal bonds, 50% of the stock holdings and 39% of other kinds of bonds are owned by households with incomes of $100,000 or more (representing only 2% of the households).

Table 11

Assets Held by Households, 1983

Asset	% Owning	Mean Holding of Owners	Mean Percent of Assets for Owners
House	64	$ 70,150	68
Other property	19	96,854	30
Checking accounts	79	1,844	11
Money market deposit accounts	9	19,626	15
Money market mutual funds	7	19,864	10
Savings accounts	62	3,857	15
Certificates of deposit	20	24,016	19
IRAs or Keogh accounts	17	10,395	7
Thrift accounts	11	20,879	14
Cash value of whole life	33	9,788	17
U.S. savings bonds	21	1,760	5
Municipal bonds	2	105,786	10
Publicly traded stock	19	59,158	12
Mutual funds	5	25,839	8
Trust accounts	4	155,915	22
Notes owed to family	5	28,862	18

Source: Robert B. Avery and Gregory E. Elliehausen, "Financial Characteristics of High-Income Families," Federal Reserve Bulletin, March 1986.

7. Net worth of households has increased substantially since 1970.

The growth of the median net worth of households from $18,425 in 1970 (in 1983 dollars) to $24,574 in 1983 stands in sharp contrast to the stagnation of median household income during that period. Aided by rising home equity, which contributes heavily to the assets of many households, median and mean net worth figures showed a particularly strong surge between 1977 and 1983, as seen in Table 12.

Households with a net worth of $50,000 or more (in 1983 dollars) grew from 26% of all households in 1970 to 34% by 1983. This percentage represents some 29 million households in 1983, 14.3 million of which had a net worth of at least $100,000.

Table 12

Net Worth of Households, 1970, 1977 and 1983

	Percent of Households		
Net Worth*	**1970**	**1977**	**1983**
Less than $5,000	36	35	33
$5,000 - 9,999	6	5	5
$10,000 - 24,999	14	12	12
$25,000 - 49,999	17	15	16
$50,000 - 99,999	14	16	17
$100,000 - 249,999	9	12	12
$250,000 - 499,999	2	2	3
$500,000 and above	1	**	2
Total	100	100	100
Median (in dollars)	$18,425	$20,752	$24,574
Mean (in dollars)	$56,781	$50,895	$66,050

**In constant 1983 dollars.*

***Less than 0.5%*

Note: Net worth figures exclude major consumer durables such as autos and home furnishings, cash value of life insurance, equity in small businesses and farms, and the present value of expected future benefits from pensions or Social Security.

Source: Robert B. Avery, Gregory E. Elliehausen, Glenn B. Canner and Thomas A. Gustafson, "Survey of Consumer Finances, 1983: A Second Report," Federal Reserve Bulletin, December 1984.

The Economic Status of Married-Couple Families

The influx of married women into the labor force during the 1960s and 1970s has been major news. Indeed, more than half (54.2%) of married women were in the work force in 1985, compared with just 3 in 10 in 1960. For many families, the entry or reentry of the mother into the labor force has been the hedge against inflation. This section of *DataTrack* presents an economic profile of married-couple families in America today.

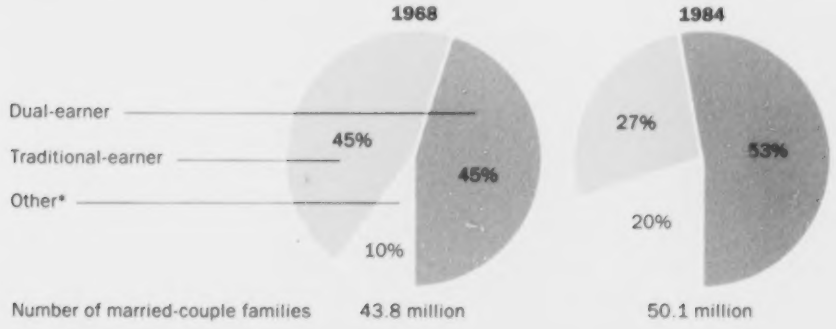
1. The majority (53%) of married-couple families were dual-earner families in 1984.

In 1968 the numbers of dual-earner and traditional-earner married-couple families were about equal. Today, however, dual-earner families—where both husband and wife are earners—are the most common type of married-couple family. They numbered over 26.4 million in 1984, compared with 13.5 million in which only the husband was an earner. The husband-only earner family accounted for only about 27% of all married-couple families in 1984.

The number of married-couple families increased by 6.3 million between 1968 and 1984, but the number of families with only the husband in the labor force actually declined by 6.3 million during the same period. By comparison, the number of dual-earner married couple families grew 6.7 million.

Figure J

Dual-Earner and Traditional-Earner Married-Couple Families, 1968 and 1984



**Married-couple families with no earners or ones in which earners did not include the husband.*

Note: "Dual-earner family" refers to married couples where both husband and wife were earners at some time during the previous calendar year. A "traditional-earner family" is one where the husband, but not the wife, was an earner. In both kinds of families other members may also be earners.

Source: Howard Hayghe, "Husbands and Wives as Earners: An Analysis of Family Data," Monthly Labor Review, February 1981 and U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 153 and P-20, No. 398.

2. *One in 5 dual-earner married couples had an income of $50,000 or more in 1983.*

Generally, dual-earner married couples are better off financially than families with only the husband in the labor force. Nearly 20% of married-couple families with both husband and wife in the labor force reported family incomes of $50,000 or more in 1983, compared with 14.1% of traditional-earner families. Dual-earner families are less likely than traditional earners to be at the lower end of the income scale. Among dual-earner married-couple families, 4.6% had incomes of $10,000 or below in 1983, while 10.4% of traditional-earner families had incomes at that level.

The average earnings of husband-wife families with dual-earners are considerably higher than the earnings of traditional families. In 1983, the average earnings for a dual-earner couple were $32,468 while traditional-earner families earned $24,299 on average. When both husband and wife worked year-round and full-time, their average earnings were even higher—39,391. Two-income couples working in professional specialties averaged $47,396 in family earnings in 1983.[7]

Table 13

Income Distribution of Married-Couple Families, by Labor Force Participation Status of Husband and Wife, 1984

Family Income in 1983*	All Married-Couple Families	In Labor Force	
		Husband and Wife	Husband Only
Under $10,000	10.4%	4.6%	10.4%
$10,000 - 14,999	10.6	6.1	11.1
$15,000 - 19,999	11.5	8.8	12.4
$20,000 - 24,999	12.0	11.5	12.5
$25,000 - 49,999	40.7	49.1	39.4
$50,000 and over	14.9	19.9	14.1
Total	100.0	100.0	100.0

**Income figures reflect income of other wage earners in family, as well as husband and wife.*
Note: Figures may not total 100% due to rounding.
Source: U. S. Bureau of the Census, Current Population Reports, *Series P-20, No. 398.*

[7] *U.S. Bureau of the Census,* Current Population Reports, *Series P-60, No. 153.*

3. Dual-earner married-couple families represented nearly $130 billion in discretionary spending power in 1983.

Dual-earner families represent over $46 of every $100 in spendable discretionary income in America. They are more likely than other household types to have discretionary income—46% had such income in 1983, compared with 32% of households where only the husband worked. In 1983, the average amount of discretionary income per dual-earner married-couple family was $10,884.

Even though dual-income married couples are more likely than other households to have discretionary income and their aggregate spending power is impressive, the per capita figures present a different picture. Households in which both husband and wife work have lower per capita discretionary income than other household types (see Table 14).

Table 14

Households with Discretionary Income, by Number of Earners, 1983

	Households with Discretionary Income	Spendable Discretionary Income*	
Earners	**Proportion of Households**	**Average**	**Per Capita**
No earners	16.1	$ 8,842	$5,949
One earner	26.6	9,904	4,728
Two earners	39.8	10,254	3,448
Three earners or more	52.9	13,221	2,891
Husband working, wife not working	32.2	13,062	3,681
Husband and wife working	46.0	10,884	3,207
Total	31.5	10,525	3,713

**In 1984 dollars.*

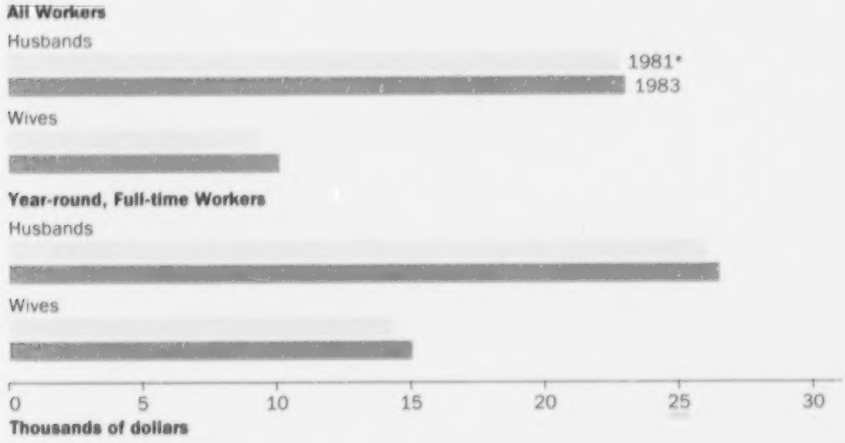
Source: Consumer Research Center and U.S. Bureau of the Census, A Marketer's Guide to Discretionary Income, *1985 edition.*

4. Among all workers—part-time and full-time—wives on average earn less than half what husbands earn.

In 1983, the average earning for a wife in the labor force was $10,160, while the average for a husband was $22,980. Forty-eight percent of the 28.4 million wives in the labor force worked year-round in full-time positions and earned an average of $15,040 in 1983. By comparison, 76% of all husbands in the work force worked full-time, year-round with average earnings of $26,530.[8]

Figure K

Mean Earnings of Husbands and Wives, 1981 and 1983



*In constant 1983 dollars.
Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 153.

5. In 1983, 4.8 million wives earned more than their husbands.

Wives earning more than their husbands accounted for 18% of dual-earner married-couple families. These wives differed in some respects from women who earned less than their husbands. For example, women earning more than their husbands were more likely: to work full-time, year-round; to have no children under 18 years at home; to have a college degree; and to work in professional, executive, administrative or management jobs.

[8]U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 153.

6. *A majority of married-couple families with children under 18 had family incomes of $30,000 or more in 1984.*

In 1984, over 24.2 million married-couple families had children under the age of 18 at home. More than 3 in 10 of these families reported incomes of $40,000 or more, and over 5 in 10 made at least $30,000.

Table 15

Income Distribution of Married-Couple Families, by Presence of Children Under 18, 1984

Income	No Own Children Under 18 Years Present	One or More Own Children Under 18 Years Present
Under $10,000	10.3%	7.6%
$10,000 - 19,999	22.7	17.2
$20,000 - 29,999	20.2	23.3
$30,000 - 39,999	16.0	20.3
$40,000 - 49,999	11.4	13.9
$50,000 and over	19.4	17.6
Total percent	100.0	100.0
Total families (in thousands)	26,140	24,210

Note: Percentages may not total 100% due to rounding.
Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 151.

Single-Parent Families—An Economic Profile

High divorce rates and rising numbers of births to unmarried women have resulted in an unprecedented growth in one-parent families during the 1970s and 1980s. Although most divorced persons eventually remarry, the economic fortune of families when led by one parent is not as promising as when led by two.

1. *One of every 4 families with children under 18 at home is a one-parent family.*

The economic status of families today fluctuates with changing family situations—birth of a child, divorce, death of a spouse and the like. For many families, divorce poses the most severe economic threat. Between the mid-1960s and the mid-1970s, divorce rates doubled, reaching the highest rate ever recorded in 1979 (5.3 per 1,000 population.) Divorce rates continue to be high, and some experts predict that 1 in every 2 marriages that took place in 1970 could end in divorce.[9] In fact, for young people today, divorce will be a more likely ending to a marriage than either death or widowhood.

Births to unmarried women rose 93% between 1970 and 1984; 124% for whites and 63% for blacks. This trend was evident among women in the upper end of their child-bearing years as well as among teens. As a result of high divorce rates and the rising number of births to unmarried women, nearly 26% of families with children under the age of 18—8.5 million families—were one-parent families in 1984, compared with about 13% in 1970. Most are maintained by mothers, although the proportion with fathers as sole parent has also risen, as seen in Table 16. Over this same period, the proportion of two-parent families dropped from 87.1% to 74.3%.

[9] *Andrew J. Cherlin, Marriage, Divorce, Remarriage, Cambridge, Mass.: Harvard University Press, 1981.*

Table 16

Two-Parent and One-Parent Family Groups as Proportions of All Family Groups with Children Present, 1970 and 1984

	Family Groups with Children Under 18 Present	
	1970	**1984**
Two-parent family groups	87.1%	74.3%
One-parent family groups	12.9	25.7
Maintained by mother	11.5	22.9
Divorced	3.7	9.5
Widowed	2.3	1.7
Never married	0.8	6.3
Married, spouse absent	4.6	5.3
Maintained by father	1.3	2.8
Divorced	(NA)	1.5
Widowed	0.4	0.3
Never married	0.1	0.5
Married, spouse absent	0.8*	0.6
Total number of families with children under 18 present (in 1,000s)	29,631	33,246

NA = Not Available
**Includes Divorced*
Source: U. S. Bureau of the Census, Current Population Reports, *Series P-20, No. 398.*

2. The economic consequences of divorce on a family can be devastating—particularly for women and children.

In the past, it was common for divorced parents to send their children to live with relatives or for divorced mothers to move with their children to the homes of relatives. Today, however, most divorced mothers live alone with their children.[10] Typically, they must pay their bills with considerably less family income.

A study that followed 5,000 American families during the late 1960s and 1970s found that changes in economic status are very common among families at all economic levels. Less than half the population

[10]*Andrew J. Cherlin,* Marriage, Divorce, Remarriage, *Cambridge, Mass.: Harvard University Press, 1981.*

stayed at the same economic level throughout the study years, while one-third dramatically improved their economic status and one-fifth declined significantly.

Women who divorced between 1972 and 1978 posted the largest drop in family income of any group in the study. Married women saw their family income increase by over $3,000, while divorced women's family income declined by an average of almost $7,400. Women who were unmarried household heads at the beginning of the period but who subsequently married experienced the greatest economic gain—an increase in family income of more than $15,300. The economic status of men in the study was affected much less than that of women by family composition changes.[11]

Table 17

Effects of Family Changes on Economic Status of Women in Families, 1971-1978

	Percent of Group	Change in Family Income From 1971 to 1978 (in 1978 dollars)
Female householder in 1972		
Remained unmarried	80.8	$ 864
Married	18.6	$15,357
Married women in 1972		
Remained married	84.8	$ 3,086
Widowed	7.7	-$ 5,267
Divorced or separated	7.8	-$ 7,385

Source: Greg J. Duncan and others, Years of Poverty, Years of Plenty, Ann Arbor, Michigan: Institute for Social Research, The University of Michigan, 1984. Reprinted with permission of the Institute for Social Research.

3. The major source of income for divorced mothers is their own earnings.

Nine in 10 divorced women have earned income following the breakup of their marriage, which accounts for about 60% of their total income.[12] Widows are less likely to have earned income, but are more apt to receive income from Social Security or other pension funds. Among women who are separated but not divorced, the chief sources of income are earnings, food stamps and public assistance.

[11]*Greg J. Duncan and others, Years of Poverty, Years of Plenty, The University of Michigan Institute for Social Research, 1984.*

[12]*Mary Jo Bane and Robert S. Weiss, "Alone Together," American Demographics, May 1980.*

In 1983, 58% of the 8.7 million divorced or separated mothers living with children under 21 years of age were awarded child support payments. Of the 4 million women who were supposed to receive such payments in 1983, only half actually received the full amount due them. The proportion of women receiving some payments in 1983 increased slightly over the proportion in 1978 and 1981.

Table 18

Award and Receipt of Child Support, 1978 and 1983

	1978 (in 1,000s)	**1983** (in 1,000s)
Awarded	4,196	5,015
Supposed to receive payments that year	3,424	3,995
Actually received payments	2,455	3,037
Received full amount	1,675	2,018
Received partial amount	779	1,019
Did not receive payments	969	958
Not awarded	2,898	3,675
Total	7,094	8,690

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-23, No. 141.*

4. The median income of married-couple families in 1984 was 2⅓ times as great as that of families led by women.

Census Bureau data on the income of different types of families consistently show female-headed family income to be lower than the income of married-couple families. In 1984, for example, the median income of families with female householders (no husband present) was $12,803, compared with $29,612 for married couples.

A comparison of female-led families and married-couple families on the lower and upper ends of the income spectrum is also quite revealing. Four in 10 female-led families make under $10,000 annually; less than 1 in 10 married-couple families fall in that income range. Only about 6% of families led by women have incomes of $40,000 or more, while 31% of all married-couple families do.

Table 19

Family Income Distribution of Families with Female Householders and Married-Couple Families, 1984

	Female Householders No Spouse Present		Married Couples	
	Number (in 1,000s)	**Percent**	**Number** (in 1,000s)	**Percent**
Under $10,000	4,099	40.5	4,523	9.0
$10,000 - 19,999	2,954	29.2	10,117	20.1
$20,000 - 29,999	1,681	16.6	10,927	21.7
$30,000 - 39,999	792	7.8	9,106	18.1
$40,000 - 49,999	314	3.1	6,335	12.6
$50,000 and over	289	2.9	9,341	18.6
Total	10,129	100.0	50,350	100.0
Median income	$12,803	—	$29,612	—

Note: Figures may not add to totals due to rounding.
Source: U.S. Bureau of the Census, Current Population Reports, *Series P-60, No. 151.*

5. Roughly 1 in 3 families maintained by women had a poverty-level income in 1984, about the same proportion as in 1970.

Poverty rates are high for many types of female-headed families. Those especially likely to have incomes below the poverty level are:

- Householders 15 - 24 years of age (70.9% live in poverty);
- Larger than average families (85.6% with 5 or more children in poverty);
- Families with no workers (74.3% are in poverty);
- Family householders with little schooling (46.1% with less than eight years of education are below the poverty line).

Families with female householders are almost five times more likely than married-couple families to have incomes below the poverty level (34.5% vs. 6.9%). Only in families where the female householder is a full-time, year-round worker does the poverty rate approach the low rate of married-couple families.

Table 20

Percent of Families with Female Householders Below the Poverty Level, 1970, 1980 and 1984

Selected Characteristics of Families with Female Householders, No Husband Present	Percent Below Poverty Level		
	1970	**1980**	**1984**
Householder 15-24 years	60.4	66.0	70.9
Householder 65 years and over	20.1	15.2	14.4
No children under 18 years	12.6	9.6	11.3
1 child under 18 years	30.6	31.2	33.4
3 children under 18 years	56.4	58.3	66.3
5 or more children under 18 years	76.0	83.3	85.6
No workers	66.1	72.0	74.3
1 worker	30.5	27.1	29.6
Householder works full-time, year-round	7.8	5.5	6.8
Less than 8 years schooling	(NA)	43.0	46.1
High school graduate	(NA)	25.3	26.6
1 year or more college	(NA)	15.0	18.3
All female-led families	34.5	32.7	32.5

NA = Not Available

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-60, No. 152.*

Black Households—An Economic Profile

Despite some encouraging signs about the narrowing of the black/white income gap, growth in the income of black households has been stifled by the tremendous increase in single-parent families over the past two decades. This section of *DataTrack* presents a mixed picture of economic progress among black households.

1. The median income for black households was the same in 1984 as in 1967 (after taking into account the effects of inflation).

In 1984, the median income of black households was essentially at the same level as in 1967—$13,471 in 1984 versus $13,455 in 1967 (in 1984 dollars).

These overall figures mask some of the most important income trends that have taken place in the past few decades. A recent study by the Rand Corporation of economic progress among blacks since 1940 concludes that the income gap between whites and blacks is narrowing:

> *The changes over the last forty years were dramatic. . . America has made considerable strides in reducing black poverty. . . but (it) remains at unacceptably high levels. However the real story of the last forty years has been the emergence of the black middle class, whose income gains have been real and substantial. . . Finally, a sizable number of black men are economically better off than white middle-class America.*[13]

Looking at changes over time in the income distribution of black households, it is evident that not all black households marked time between 1967 and 1984. The proportion of black households with incomes of $35,000 or more (in constant 1984 dollars) doubled from 6.6% in 1967 to 13.6% in 1984. The proportion making under $10,000, however, stayed the same—about 39%.

In 1984, more than 4 of every 10 black families were maintained by a woman with no husband present, an increase from 28.3% in 1970.[14] Such a change in family composition—coupled with the gloomy economic picture during the 1970s and early 1980s—had a negative impact on family income figures for black families, despite income improvements for certain segments of the black population.

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[13] *James P. Smith and Finis R. Welch,* Closing the Gap: Forty Years of Economic Progress for Blacks, *Santa Monica, CA: The Rand Corporation, 1986.*

[14] *U.S. Bureau of the Census,* Current Population Reports, *Series P-20, No. 398, page 13 and James P. Smith and Finis R. Welch,* Closing the Gap: Forty Years of Economic Progress for Blacks, *Santa Monica, CA: The Rand Corporation, 1986.*

Table 21

Money Income of Black Households, 1967, 1975 and 1984

Household Income (in 1984 constant dollars)	Percent of Black Households		
	1967	**1975**	**1984**
Under $5,000	17.9%	15.8%	18.5%
$5,000 - 9,999	20.8	21.8	20.3
$10,000 - 14,999	16.4	14.3	15.3
$15,000 - 19,999	16.1	12.4	11.9
$20,000 - 24,999	8.4	10.3	8.7
$25,000 - 34,999	13.8	14.6	11.7
$35,000 - 49,999	4.6	7.3	8.8
$50,000 and over	2.0	3.4	4.8
Total	100.0	100.0	100.0
Median income	$13,455	$14,297	$13,471

Source: U.S. Bureau of the Census, Statistical Abstract of the United States, *1986.*

2. Black married-couple families have made gains in median income, while black families led by women have fallen behind since 1971.

In general, black married-couple families are more likely to have multiple earners than white married-couple families. Historically, black wives—even those with young children—have been more likely to be in the labor force than white wives. But black married-couple families have lower incomes, on average, than white married couples.[15]

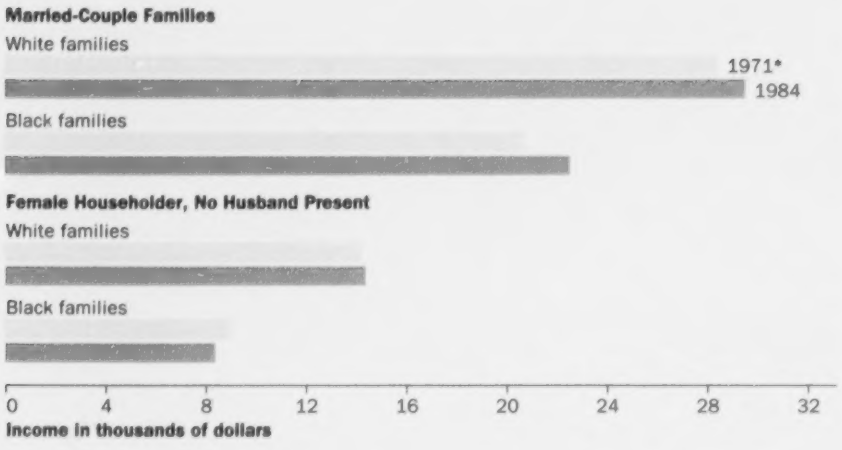
Nonetheless, for blacks and whites alike, being married means keeping ahead of inflation. For many married-couple families, the entry or reentry of mothers into the labor force was a hedge against inflation through the 1970s and early 1980s. Black married-couple families had a median income of $23,418 in 1984, over $2,400 more than in 1971, even after inflation (see Figure L).

The median income of black families led by women fell from $9,348 in 1971 to $8,648 in 1984 (after accounting for inflation). The median income of white female-headed families, however, managed to keep up with inflation.

[15] *Howard Hayghe, "Married Couples: Work and Income Patterns,"* Monthly Labor Review, *December 1983.*

Figure L

Median Family Income by Type of Family and Race of Householder, 1971 and 1984



*In constant 1984 dollars.
Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, Nos. 85 and 151.

3. More than one-half (56%) of black families led by a women made under $10,000 in 1984; in comparison, just 15.3% of black married-couple families had that level of income.

In 1984 the median income for families of all races was over $26,400. The likelihood of a female-led black family reaching that income level was less than 1 in 10.

Married-couple black families are the most likely of any type of black household to have above-average incomes. In 1984, 46.5% made $25,000 or more and 10.5% had incomes of at least $50,000 (see Table 22).

4. Three in 10 black families live below the poverty level.

In 1984, nearly 1.9 million black families (30.9%) had incomes below the poverty level of $10,609 for a family of four. For the same year, white families had a poverty rate of only 9.1%. The poverty rates for families of both races, while slightly higher in the early 1980s than during the 1970s, began to decline in 1983.

A black family is most likely to be poor if it is maintained by a woman who does not have a husband. More than one-half (51.7%) of black families with female householders have poverty-level incomes, compared with 14.7% of other types of black families. Like all young families, black families with householders 15 to 24 years of age are more likely than those of other ages to live in poverty; in 1984, 60.8% were below the poverty level.

Table 22

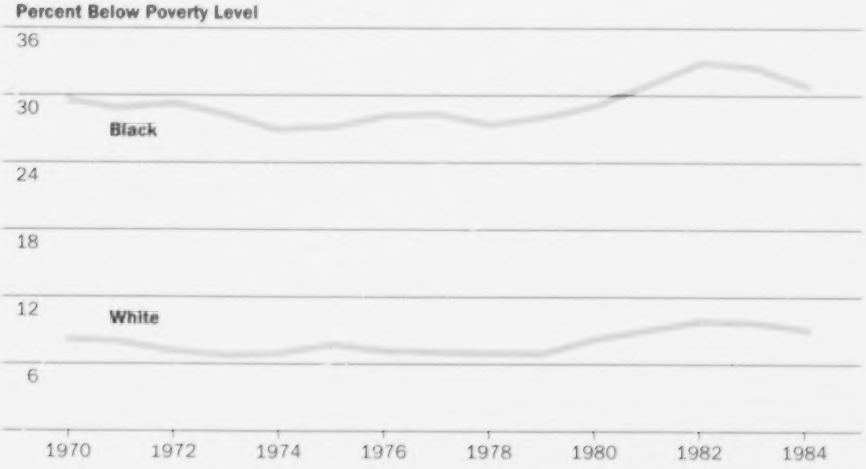
Total Money Income of Black Families, by Type of Family, 1984

Income	Type of Family	
	Married Couple	**Female Householder No Husband Present**
Under $5,000	3.9%	27.9%
$5,000 - 9,999	11.4	28.2
$10,000 - 14,999	13.1	16.9
$15,000 - 19,999	13.3	10.6
$20,000 - 24,999	11.8	6.4
$25,000 - 34,999	18.7	6.5
$35,000 - 49,999	17.3	2.8
$50,000 and over	10.5	0.6
Total	100.0	100.0
Median income	$23,418	$8,648

Note: Figures may not total 100% due to rounding.
Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 151.

Figure M

Families Below the Poverty Level, by Race, 1970–1984



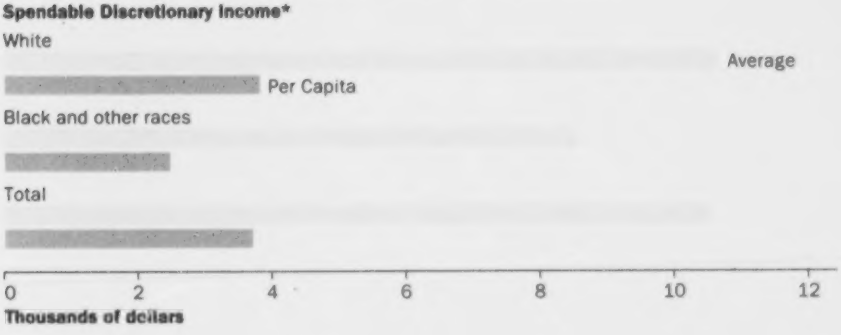
Source: U.S. Bureau of the Census, Statistical Abstract of the United States, 1986.

5. *Sixteen percent of households led by blacks and other racial minorities have discretionary income.*

Of the 26.4 million American households with discretionary income in 1983, 6.5%—or 1.7 million—were households led by blacks or other racial minorities. These minority households accounted for $14.6 billion of all spendable discretionary income. The average amount of discretionary income for these households in 1983 was $8,555, or $2,479 per person.

Figure N

Households with Discretionary Income, by Race, 1983



**In 1984 dollars.*

Source: Consumer Research Center and U.S. Bureau of the Census, A Marketer's Guide to Discretionary Income, *1985 edition.*

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